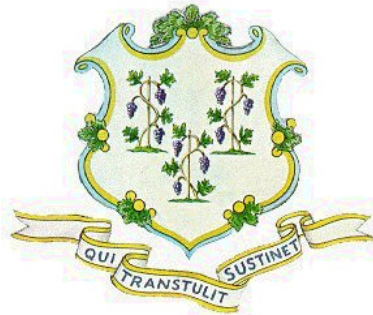




## **Community Development Block Grant – Disaster Recovery (CDBG-DR)**

### **Owner Occupied Rehabilitation and Rebuilding Program**

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## **State of Connecticut Department of Housing**

**2013**



## Introduction

On Monday, October 29, 2012, Hurricane Sandy struck near Atlantic City, New Jersey, as a post tropical cyclone. The storm created a significant tidal surge from the Mid-Atlantic region to New England. After landfall, Sandy headed north by northwest bringing high winds, rain, and storm surge to coastal areas of Connecticut. The immediate effects of Sandy in the Connecticut included the deaths of six residents and widespread wind and flood damage to homes, businesses, infrastructure, and public facilities. Approximately 650,000 residents lost power and many residents did not have power for more than a week. Many dwellings were rendered uninhabitable and a large number of residents still cannot return to their homes.

For purposes of these guidelines, the State has allocated \$30,000,000 toward the Owner Occupied Rehabilitation and Rebuilding program.

## Definitions

*CHFA* - Connecticut Housing Finance Authority

*Contractors* - procured contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications.

*Demolition* – Clearance and proper disposal of dilapidated buildings and improvements.

*DOH* - Department of Housing or its duly authorized agent

*DECD* - Department of Economic and Community Development

*Rehabilitation* – Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

*Reconstruction* – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner.

*New Construction* – A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

*Homeowner Assistance Activity* – The utilization of CDBG-DR funding to rehabilitate or reconstruct disaster -damaged homes in order for the applicant to remain in the original home at the original home site. The home to be assisted must have been owner-occupied at the time of the storm.

*Rental Activity* – Acquisition, rehabilitation, or construction of affordable rental housing resulting in structures where at least 51% of units are occupied by LMI persons. Income and rent restrictions apply to the rental units to be built or assisted with CDBG funds.

*Low to Moderate Income (LMI) National Objective* – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size.

1. Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;
2. Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size;
3. Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

*Slum and Blight National Objective* – Activities which help to eliminate slums and blighted conditions. Use of this National Objective is limited due to its inability to contribute towards the overall requirement for. Slum and Blight activities must meet the criteria of one of the three following categories:

1. Prevent or eliminate slums and blight on an area basis;
2. Prevent or eliminate slum and blight on a spot basis; or
3. Be in an urban renewal area.

*Urgent Need National Objective* – An urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and because other funding sources are not available.

*DOL* - Department of Labor

*Duplication of Benefits* - The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source.

*Individual Mitigation Measures (IMM)* – Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. In accordance with HUD's guidance, repair and rehabilitation of housing units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include:

1. elevation above the base flood elevation level, or
2. the addition of storm shutters,
3. disaster proof windows,

4. roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

*Subrecipient* - Cities, Counties, Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o).

*Family* - A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or wellbeing, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

*Household* - A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of:

1. a single family,
2. two (2) or more families living together, or
3. any other group of related or unrelated persons who share living arrangements.

For housing activities, the test of meeting the low to moderate income objective is based on the LMI of households.

*PRWORA* - Personal Responsibility and Work Opportunity Reconciliation Act

*Manufactured Housing Unit (MHU)* - A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

*Modular Housing* - A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

*FEMA* - Federal Emergency Management Agency - Designated High Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones.

*FEMA- Areas Of High Risk* - Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

*NFIP* - The National Flood Insurance Program

*Area of High Minority Concentration* – A census block group that consists of 65% or more of minorities. Minorities include all racial and ethnic population groups other than “White, non-Hispanic (Anglo).

*Area of High Poverty Concentration* – A census block group that consists of 35% or more of the residents living in poverty. A household that meets the US Census Bureau’s poverty threshold is considered to be at or below poverty level for the Disaster Recovery Program.

*NTP* - Notice to Proceed

*IECC* - International Energy Conservation Code 2009

*Demonstrable Hardship* – an applicant for assistance has identified and documented one or more instance or condition which would prevent them from fully meeting any non-regulatory guideline.

*Not Suitable for Rehabilitation* – properties where the cost of rehabilitation exceeds the after rehab appraisal and there is not a compelling historical or community justification to save the property.

## **GENERAL PROGRAM OVERVIEW**

### **Program Objectives**

The State’s housing recovery programs are designed to meet the unmet housing needs of communities most impacted by Hurricane Sandy including the costs of repairs, reconstruction and new construction that insurance, FEMA and any other sources of funding does not cover. The general objectives of the State's housing programs include assisting people directly affected by Hurricane Sandy through:

1. replacing and rehabilitating homes, including identifying opportunities for mitigation enhancement measures;
2. improving the resilience of their homes while restoring their buildings/residences;
3. Assisting homeowner in completing applications for funding; and
4. Directing homeowners to additional potential sources of funding.

To pursue these objectives, the State has developed an Owner Occupied Rehabilitation and Rebuilding (OORR) program including mitigation that incorporates best practices from past disasters; builds upon stakeholder input from agencies and relevant organizations across the affected counties to ensure the diverse needs of residents and communities are appropriately addressed.

The State's strategy will balance speedy response with proper planning, and support while considering and incorporating the distinct needs and resources of different communities the

members of those communities. The State will manage all program operations and ensure that all appropriate accountability and oversight mechanisms are in place.

### **Lead Agency/Project Implementation**

The State, acting through the Department of Housing (DOH) as the lead agency for the administration of the CDBG-DR funding, will administer and disburse the Funding directly to benefit homeowners, multifamily property owners, local governments and other eligible beneficiaries of the Funding.

DOH will implement the housing programs and activities primarily through internal staff and third-party contractors.

If DOH retains third-party contractors it will vary by activity category (i.e. Homeowner Rehabilitation, Reconstruction, Multifamily Rehabilitation/Mitigation, Infrastructure, Economic Revitalization, Public Facilities, and Planning) and will include, but is not limited to:

1. Application Intake and Evaluation (specifically for Homeowner programs);
2. Architectural/Engineering;
3. Environmental Review services (including historic preservation review);
4. Legal services;
5. Construction Management services; and
6. General Contracting (including subcontracting).

DOH staff is responsible for complying with the significant federal requirements related to financial management and control, programmatic compliance and monitoring, affirmative fair housing, the prevention of fraud, waste, and abuse. These staff members will be responsible for administering all aspects of the State's CDBG-DR Program, including oversight of all contractors, working with individual applicants, processing the necessary payments, tracking projects and program activities, reporting in the federal Disaster Recovery Grants Administration (DRGR) system, as well as cOORRdinating the activities of other state agencies in relation to the Sandy recovery.

In addition, the Internal Auditor for DOH, who reports directly to the Office of the Commissioner, is responsible for ensuring that procedures to detect fraud, waste and abuse are both adopted and implemented in accordance with federal requirements and consistent with the Statement on Auditing Standards No. 99 (SAS99) and the standards established for the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors (IIA).

DOH staff will also oversee the extensive federal requirements associated with programmatic compliance and monitoring. The staff members will be responsible for ensuring the overall administration of the Funding complies with all applicable federal requirements. They will also monitor other DOH staff to ensure the proper implementation of consistent processes and procedures, particularly as they relate to the identification and prevention of the duplication of benefits. This compliance team will also be responsible for monitoring all DOH contractors and service providers as detailed in the CDBG-DR Compliance and Monitoring Manual.

There will also be long term compliance requirements associated with some of the program activities (i.e. liens on homeowner for extended periods).

### **CDBG-DR National Objective**

All program activities must meet an applicable CDBG National Objective. The State of Connecticut OORR program will prioritize benefits to households meeting the low and moderate income (LMI) National Objective requirements in accordance with LMI standards.

*NOTE: A household LMI status will be determined once individual homeowner applications are submitted.*

### **Program Eligibility Requirements**

The eligibility requirements for OORR include the following:

1. Applicants must be “Eligible Applicants” as defined by HUD program regulations as modified by the Federal Register Notice;
2. Proposed activity must be an “Eligible Activity” as defined by HUD program regulations as modified by the Federal Register Notice;
3. Projects must meet at least one National Objective and such National Objective(s) must be fully supported within the application;
4. Consistency with the goals and strategies of the Action Plan must be demonstrated;
5. Fair Housing and Equal Opportunity Compliance must be evidenced by a Fair Housing Action Plan that complies with DOH’s guidelines/policies, where applicable; and
6. Applicants must be in compliance with all existing assistance agreements with either DECD or DOH, and cannot be in default under any CHFA or HUD-administered program.

## **Federally-Designated Areas Eligible for CDBG-DR Assistance**

The only areas within the State of Connecticut in which the funds can be expended are Fairfield County, New Haven County, Middlesex County, New London County, and the Mashantucket Pequot Indian Reservation. Within these eligible areas, the Federal Register Notice requires that 80% of the Funding must be expended in the Fairfield and New Haven Counties.

## **LMI Benefit Requirement**

Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used by DOH to verify the income eligibility of each household applying for assistance at the time assistance is provided.

With respect to CDBG-DR Program eligible activities, the State must also ensure that at least 50% of its CDBG-DR grant funds are used for activities that benefit low- and moderate-income (“LMI”) persons. LMI persons are defined for the purposes of the CDBG-DR Program as persons and families whose income does not exceed 80% of the area median income (“AMI”), as determined by HUD. As set forth in the Federal Register Notice, the Funding cannot be used for any of the following purposes:

1. to assist second homes (i.e. a home that is not a primary residence); and
2. to assist private utility companies or organizations.

## **Needs Assessment**

The States' OORR program is based on a Needs Assessment working with HUD information and a series of public meetings according to the State Citizen Participation Plan. That assessment serves as the basis for the specific Single family OORR program that will be offered by the State of CT. Specifically, the assessment will be used to determine the activities to be offered to meet types of housing need experienced by the affected population, the demographics to receive concentrated attention and the target areas to be served.

## **Proof of Damage**

Applicants applying for assistance must have suffered damage to their homes as a result of Hurricane Sandy. DOH will prepare an inspection report which will confirm whether the applicant's home suffered storm damage caused by Hurricane Sandy.

## **Unit Size**

If a home must be reconstructed, DOH will only assist in the reconstruction based on the size of the original footprint of the home. In general, the square footage of the reconstructed home must



be comparable to the square footage of the original structure, except where zoning regulations and building code requirements dictate otherwise. DOH will institute a maximum grant award that can be used to assist in the reconstruction based on feasibility and cost criteria.

Rehabilitation costs are those to correct existing housing damage which have been determined by a qualified housing inspector and formalized in an individualized housing report. DOH may allow homeowners to select particular finishes at the time of rehabilitation as long as those finishes are within the rehabilitation standard of the program. Any costs above that standard will be the responsibility of the owner.

This program activity also includes replacing an existing substandard manufactured housing unit (MHU) with a new or standard MHU or stick-built/modular housing unit. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased.

### **Affirmative Marketing Plan**

The primary focus of this Program is to provide relief for those people impacted by disasters while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance will be provided under a variety of housing activities including acquisition, rehabilitation, reconstruction, new construction, demolition, elevation, hazard mitigation, and storm hardening of homeowner and rental housing units.

The State is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the CDBG-DR funding include the following:

1. An Affirmative Marketing Plan, based on the U.S. Department of Housing and Urban Development (HUD) regulations that outline the policies and procedures for housing activities to affirmatively market units financed through the OORR Program including dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.
2. Ensure that eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," gender groups, and/or other populations least likely to apply, are:
  - a. Fully informed of vacant units available for rent.
  - b. Encouraged to apply for rehabilitation and/or rent.
  - c. Given the opportunity to rent the unit of their choice.
  - d. Given the opportunity to rehabilitate their primary residence, which sustained damages due to disasters and/or its after-effects.
3. Inform program participants about available opportunities and supporting

- requirements via counselors, printed and electronic materials, publications, direct contact, workshops/seminars, and through the placement of flyers/posters in public facilities.
4. Focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.
  5. Utilize media outlets including:
    - a. Newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
    - b. Reach out to public or non-profit organizations and hold/attend community meetings.
    - c. Use of door to door outreach, if necessary.
  6. Offer applications and forms in English and other languages prevailing in identified target areas, as applicable.
  7. Make concerted effort to assist such applicants in the application process.
  8. Take measures to make the OORR Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.
  9. Applications and forms will be offered in English and other languages prevailing in the region, in accordance with Title VI of the Civil Rights Act of 1964, and additional effort will be made to assist such applicants in the application process.
  10. Retain documentation of all marketing measures used, including copies of all advertisements and announcements, and will be made available to the public upon request.
  11. The Fair Housing logo will be publicly displayed, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law.
  12. Evaluate outreach activities and applications received to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the Needs Assessment.
  13. Evaluation of outreach activities and single family applications received will be necessary to determine if single family applications are received from a diverse population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

## **Owner-Occupied Rehabilitation and Rebuilding Program Guidelines**

The State will implement a multi-media marketing campaign to publicize the availability of the program policies and procedures and the application forms. Homeowners with properties damaged as a result of Hurricane Sandy will be solicited directly through information from FEMA, SBA and the municipalities. Program policies and procedures along with application forms and instructions will be posted on the CT Recovers and DOH websites.

Initial intake will consist of collecting all completed applications and supporting information to determine program eligibility. The completed application forms should be saved and emailed with all supporting documentation as pdf attachment in one message to [sandy.rehab@ct.gov](mailto:sandy.rehab@ct.gov) until the Intake Contractor selected for providing application intake services is selected. Intake Contractor will be establishing public intake centers in various locations affected by hurricane Sandy to assist the affected homeowners in completing the application process. These intake centers will be equipped with computers for completing online applications and consultants providing live technical support.

Homeowners who apply for assistance will be reviewed on a first come first served basis according to the program funding priorities and eligibility threshold requirements.

### **PROGRAM DESIGN**

In general, the State's housing recovery programs are designed to meet the unmet housing needs of the communities most impacted by Hurricane Sandy (i.e. the rehabilitation, reconstruction, and mitigation that insurance, FEMA and any other sources of funding does not cover). The Owner Occupied Rehabilitation and Rebuilding program (OORR) design is to assist people directly affected by Hurricane Sandy.

DOH has learned from past disasters, the particular needs of the most impacted communities, is a program targeted to assist single family owner-occupied housing. This program, OORR, will provide funding both to property owners that need only rehabilitation assistance and to those that need substantial rehabilitation or reconstruction assistance as well as mitigation.

DOH staff, along with third-party contractors, will work with eligible homeowners under this program to evaluate the extent of the damage, and to engage a contractor(s) to perform the appropriate scope of work.

### **OORR PROGRAM ELIGIBILITY THRESHOLD REQUIREMENTS**

1. Unmet Needs – Funding is available solely to address unmet needs;
2. Eligible/Fundable – each project must be determined to be an eligible and fundable activity under the Housing and Community Development Act as modified by the Federal Register Notice and all other applicable regulations and guidance, including, without limitation, the following activities:
  - a. acquisition of real property;
  - b. buyouts; code enforcement; relocation assistance;
  - c. new construction, reconstruction and rehabilitation of residential properties;
  - d. American Disability Act improvements; and
  - e. actions to meet the State’s certification to affirmatively further fair housing.
3. Impacted and Distressed Area – each project must be located in one of the four counties in which the expenditure of the CDBG-DR funding is allowable (i.e. Fairfield County, New Haven County, Middlesex County, New London County) or the Mashantucket Pequot Indian Reservation, all of which sustained significant damage from Hurricane Sandy;
4. Readiness to Proceed – each project must be capable of being undertaken immediately to provide outcomes to intended beneficiaries effected by the disaster;
5. Feasibility – each project must be found to be financially feasible, sustainable, and likely to contribute to the long-term recovery of disaster impacted communities.

## **Funding Priorities**

1. Projects that benefit LMI persons and/or are located in LMI Areas (i.e. an area with household incomes at or below 80% of the area median income);
2. Projects that enable the State to satisfy the federal requirement that at least 80% of the Funding be spent in Fairfield and New Haven Counties;
3. Projects that include deep income targeted units (i.e. units for extremely low income persons or families, the homeless or persons at risk of becoming homeless);
4. Projects that address conditions that threaten the health and safety of either the occupants or the public;
5. Projects that contribute significantly to the long-term recovery and economic revitalization of the affected area;
6. Projects undertaken on behalf of a beneficiary or sponsor that commits to contribute financially in the repair, construction or mitigation of the project (this can be through private insurance, NFIP, FEMA, SBA, and/or other sources); and
7. Mitigation – includes only a minimum of rehabilitation beyond the correction of conditions caused by the disaster.

## **Homeowners Eligible for Assistance**

Homeowners must meet the following threshold criteria:

1. Home must reside within the limits of eligible counties and cities;
2. Home must have been damaged by the storm October 29, 2012;
3. Home must have been the homeowner's primary residence at the time of the storm; and
4. Homeowner must have been the owner of record at the time on or before October 29, 2012, and continue to be the owner throughout the grant compliance period set by the State.

Due to limited funding, homeowners that meet the eligibility requirements above does not guarantee funding will be granted to an eligible homeowner.

### **Owner Occupied Rehabilitation Eligibility Requirements**

The following threshold requirements must be met for a homeowner to be eligible for assistance. Eligibility does not assure assistance, since a prioritization, strategy within the LMI subgroups will be required, and it is expected that there will be more eligible applications than can be served with available funds.

**Income Eligibility:** The income limits to be utilized for the Owner Occupied Rehabilitation Program are the current income limits established yearly by HUD for the Section 8 Housing Program. Intake Contractor must always use the most recent income limits and will be monitored for compliance. All beneficiaries of the OORR Program must meet a National Objective. The Low to Moderate Income (LMI) National Objective is defined as providing a benefit to households at incomes of up to 80% of the locality's median income as computed on the most current HUD Section 8 Income Limits. Any activity carried out with CDBG-DR funds that involves acquisition, rehabilitation or reconstruction of property to provide housing is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons.

**Proof of Ownership:** Housing to be assisted must be owned by the person(s) occupying the unit at the time of the storm. Ownership is defined as holding a fee simple title or warranty deed to the property and structure to be assisted. DOH has the right to waive requirement of a fee simple title or warranty deed in the applicant's name if it can be proven that the applicant occupied the home at the time of the storm, was making house payments to purchase the house, and has acquired title prior to assistance. Each instance will be reviewed on a case-by-case basis.

A mortgage lien shall be placed on the property. In order to be eligible for program assistance, the assisted property owner must be current with regard to their mortgage payments, special assessments, and property taxes. If property taxes are delinquent, the homeowner must be able to document that the taxes have been made current or they are on a payment plan with the Tax Collector's Office.

**Principle Residency:** The unit to be rehabilitated must have been occupied by the applicant as the applicant's principal residence as of October 29, 2012 for Hurricane Sandy. Principal residency for applicants can be demonstrated through at least one of the methods listed below:

All occupancy documentation must be from the time of the storm, in the applicant's name, and the address of the damaged unit:

1. Verification that water or sewer services was provided to the owner at the time of the storm.
2. Copy of FEMA letter showing payment received for home repairs or contents or insurance document showing content coverage.
3. Letter from electric, gas or other utility service provider. The letter must confirm that service was provided at the time of the storm.
4. Other qualified documents may be presented for consideration of proof of occupancy.

### **Special Circumstances Related to Occupancy**

1. Active duty military personnel who own a storm-damaged home in the eligible jurisdiction but are currently assigned to duty away from their home or were assigned to duty away from their home at the time of the storm are eligible to apply.
2. Applicants who are incapacitated due to being incarcerated or in a nursing home at the time of the storm, must present proof at the time of application to their case manager that they will not be incapacitated for more than 180 days and will reoccupy the home following rehabilitation within 180 days.

**Property Taxes:** Applicants must provide evidence that property taxes are current, have an approved payment plan, or qualify for an exemption under current laws. Applicant must prove that their property taxes have been paid or that one of the following alternatives has been met:

1. The property owner qualified for and received a tax exemption;
2. The property owner entered into a payment plan with the applicable taxing authority.

**Support Documentation:** The applicant must provide support documentation verifying the tax payment or tax exemption. If an applicant has entered into a payment plan, a signed copy of the plan from the applicable taxing entity along with documentation that the payment plan is current is required.

**Insurance:** Assisted homeowners will be required to maintain hazard insurance for one year from the date of the assistance. Failure to maintain hazard insurance may impact future disaster assistance.

**Flood Insurance:** If the unit is located in the 100-year flood plain, the assisted homeowners will be required to maintain flood insurance. Homeowners are required to maintain flood insurance for not less than five years from the date of the assistance. Failure to maintain flood insurance may impact future disaster assistance.

**Child Support:** all applicants and co-applicants must be current on payments for child support.

## **Optional Relocation**

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, As Amended (URA), applies to federally-assisted activities that involve the acquisition of real property or the displacement of persons, including displacement caused by rehabilitation and demolition activities.

The State reserves the right to provide temporary relocation assistance to any tenant that is temporarily relocated or permanently displaced as a result of construction work. In the event of temporary relocation shorter than 12 months, temporary assistance relocation benefits will be available. In the event of permanent displacement, eligible tenants will be entitled to permanent displacement benefits. All required relocation benefits as a result of the federally funded rehabilitation will be paid from the OORR program.

DOH will ensure that all appropriate notices are sent to the tenant in a timely manner. These include the General Information Notice, Notice of Eligibility (for relocation assistance), or a Notice of Non-displacement.

DOH will send the General Information Notice (GIN) to all tenants, and will provide the property owner with the documents to be completed. The owner will return the documents to DOH once all signatures have been obtained.

After assistance approval, DOH staff and the inspector will work with the property owner to determine if any tenants have been or will be temporarily or permanently displaced as a result of the storm or the proposed repairs, and will determine any relocation benefits due to the displaced tenants. If the head of the household is not able to provide documentation of legal status, they will be determined ineligible for assistance under the PRWORA of 1996 as discussed above.

After making this determination, DOH will issue the appropriate relocation notices: either a Notice of Eligibility (for relocation assistance) or a Notice of Non-displacement.

1. The Notice of Eligibility informs occupants who will be displaced of their rights and levels of assistance under the URA.

2. The Notice of Non-displacement informs occupants who will remain in or return to the project after completion of the assisted activity of their rights and of the terms and conditions of their remaining in the property.

## **Property Eligibility Requirements**

The following property eligibility requirements are applicable to the assisted unit and must be met in order for the applicant to receive assistance.

1. Proof of Hurricane damage.
2. Only single-family owner-occupied units (1-4 units) within the designated eligible areas will be eligible for the single family owner occupied program.
3. Manufactured Housing Units (MHUs or mobile homes) are eligible for rehabilitation. However, the MHU to be rehabilitated must:
  - a. Be no more than 5 years old at the time of assistance and no more than \$10,000 in hard and soft construction costs can be used to rehabilitate a MHU.
  - b. The MHU must meet HQS upon completion.
  - c. MHU rehabilitation costs that exceed \$10,000 will require reconstruction.
  - d. Reconstruction of MHUs will consist of replacing the MHU with another MHU or a stick-built home that will meet only the current needs of the family or individual.
  - e. The Manufactured Housing Unit MHU must meet HQS upon completion.

## **Types of Assistance**

Based on the extent of damage, applicants may be eligible for rehabilitation, reconstruction of their homes, or they may be offered mitigation assistance.

Temporary relocation assistance may be offered at the discretion of the State; however, the assistance may not exceed \$6,000 per household.

## **Assistance Calculation**

Assistance Calculations are based on the following categories:

1. Home Evaluations (Scope of Work)
2. Pre-Storm Value
3. Duplication of Benefits (DOB) from all sources
4. Availability of “other” funds

## **Homeowner Grant Threshold**



CDBG-DR assistance to homeowners will be determined after factoring in the inputs listed above, subtracting any DOB that must be escrowed and then factoring in the funding caps for the required for the rehabilitation, reconstruction, or mitigation activity.

### **Rehabilitation and Reconstruction Grant Cap:**

The minimum cap allowed for rehabilitation, reconstruction and/or mitigation is \$10,000.

The maximum cap allowed for rehabilitation, reconstruction and/or mitigation is \$150,000.

### **Single Family Costs of Mitigation**

The costs of mitigation (e.g. elevation) are high. For example, the cost of raising a 1,000 square foot house footprint two (2) feet is estimated at \$60,000. For each linear foot in elevation after the first two (2) feet, the cost is estimated at \$10,000 a linear foot. Those homes that require mitigation will also require \$41,000 per unit on average, assuming 75% of the mitigation costs will be covered by FEMA under their Hazard Mitigation Program.

The high cost of mitigation can be partially offset by FEMA's Hazard Mitigation Grant Program (HMGP) up to 75%. All applicants requiring mitigation are encouraged to work with their respective community to leverage HMGP funds.

### **Mitigation Grant Cap:**

There are no separate caps for mitigation grants.

The total grant minimum including mitigation, as indicated above is \$10,000.

The total grant maximum including mitigation, as indicated above is \$150,000.

### **Homeowner Grant Threshold Based on Income Category**

There are no grant caps by Income Category. The State will assist homeowners according to income priority as follows:

Priority 1: Assist those whose income is less than 80% of the AMI.

Priority 2: Assist those whose income is 80% to 120%.

Priority 3: Assist those whose income is above 120% of AMI depending on funding availability.

Priority 4: Reimbursement for completed activity of those whose income is less than 80% of the AMI.

Priority 5: Reimbursement for completed activity of those whose income is 80% to 120%.

Priority 6: Reimbursement for completed activity of those whose income is above 120% of AMI depending on funding availability.

## Eligible Structures

The following are eligible structures under the OORR program:

1. Owner-occupied single-family one-four unit structures excluding mobile homes.
2. Town homes and condominiums are eligible for rehabilitation.

## Types of Rehabilitation and Mitigation

1. Cost effective Energy Measures and improvements needed to meet HUD Section 8 Existing Housing Quality Standards;
2. Improvements must be physically attached to the house and be of permanent in nature;
3. Lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds;
4. With rehabilitation, individual Mitigation Measures that mitigate and/or reduce the risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the storm including:
  - a. Elevation above the base flood elevation level;
  - b. The addition of storm shutters;
  - c. Hurricane proof window; and
  - d. Roof straps.
5. Appliances: stoves and refrigerators are eligible items but will be considered on a case-by-case basis if they are not present at the time of rehabilitation.
6. Permits: required permits will be obtained by the constructor at their expense as part of the bid costs.

Ineligible Rehabilitation items may include but are not limited to:

1. Luxury items;
2. Garage door openers;
3. Swimming pools;
4. Fences;
5. Satellite dishes; and
6. Security systems

## Forms of Assistance

The assistance provided through the OORR program will be grant in the form of a five-year Deferred Forgivable Promissory Note that bears no interest.

DOH will execute the Note with the eligible homeowner to secure the full amount of the assistance. The Note will be required to be recorded in the municipal land records following the completion of the rehabilitation.

Applicants will be given the opportunity to rescind the assistance offered due to the fact that a lien or other security interest will be filed against their property as a result of the assistance, if accepted and executed. A “Notice of Opportunity to Rescind Transaction” form will be provided to applicants. Three full business days will be allowed for the owner to rescind the transaction.

### **Occupancy Terms of the Promissory Note**

1. The Note will require the homeowner to maintain principal residency in the assisted property for five years.
2. Cash out refinancing, home equity loans or any loans utilizing the assisted residence as collateral are not allowed for the five year term of the Note.
3. Any violations of these requirements will activate the immediate repayment of the Note.
4. If the assisted homeowner continues to occupy the home until the expiration of the term of the Note, the owner will pay nothing.
5. DOH is required to monitor households that have been assisted for compliance with the terms of the Note.

### **Repayment**

If the homeowner sells, transfers, or vacates the property for any period of time during the term of the five year Note, the repayment terms of the Note will be enforced.

### **Accelerated Forgiveness in Certain Cases**

DOH reserves the right to forgive the Note in special circumstances including, but not limited to:

1. Death of a household member;
2. Relocation to a manage care facility; or
3. Relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application occurs; DOH may forgive any remaining loan balance.

### **Program Income**

DOH will provide grants within all components of the OORR. However, liens will be filed on each property to ensure compliance requirements, with recapture of all or a portion of the grant in the event of any noncompliance during that period. DOH does not intend to fund revenue generating activities as part of its administration of the Funding. In the event that any program income is nevertheless generated in connection with DOH's administration of the Funding, such funds will become program income in the State's annual CDBG-Small Cities program and DOH will apply such program income to its annual CDBG-Small Cities allocation and award the funds based on its then current method of distribution as described in the applicable Action Plan. Additionally, DOH will withhold five percent of such program income to offset DOH's CDBG-Small Cities administration cost and any other eligible administrative expenses.

Program Income that has been derived from the CDBG-DR activities may be used only for eligible Small Cities Program activities and in accordance with the provisions of Title I of the Housing and Community Development Act of 1974, as amended, 24 CFR Part 570.489(e), and the program income guidelines of the Small Cities Grant Management Manual. Program Income is defined as gross income received by a recipient (or sub recipient) that has been directly generated from the use of Small Cities Program funds, and includes the following:

1. Payments of principal and interest (including late fees) on loans made using CDBG-DR funds. For any loan that was partially funded with CDBG-DR Program funds, program income is only the prorated portion of the income that reflects the actual percentage of CDBG-DR participation. For example, if a loan was made with 50% local funds and 50% CDBG-DR funds and a \$100 payment is received, \$50 would be CDBG-DR program income;
2. Interest earned on program income pending disposition of same, but excluding interest earned on funds held in a revolving fund account;
3. Net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR Program funds;
4. Proceeds from the disposition of equipment purchased with CDBG-DR Program funds;
5. Gross income from the use or rental of real or personal property acquired by a State, a unit of general local government; a tribe or sub recipient of a State or a sub recipient of a unit of general local government or tribe with CDBG-DR Program funds; less the costs incidental to the generation of the income (i.e. net income);
6. Net income from the use or rental of real property owned by the a State, a unit of general local government, or tribe or a sub recipient of a unit of general local government or State or tribe, that was constructed or improved with CDBG-DR Program funds; less the costs incidental to the generation of the income;
7. Proceeds from the sale of liens made with CDBG-DR Program funds;

8. Proceeds from the sale of obligations secured by liens made with CDBG-DR Program funds;
9. Funds collected through special assessments made against properties owned and occupied by households not low-and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR Program portion of a public improvement; and
10. Gross income paid to a State, LG, tribe, or paid to a sub recipient thereof from the ownership interest in a for-profit entity in which the income is returned for the provision of CDBG-DR assistance.

## **Environmental Review**

All activities funded with CDBG-DR funds must have had an environmental review (ER) and receive clearance to expend funds on the activity. The regulations for meeting HUD's environmental review requirements can be found at 24 CFR Part 58. The State reserves the right to retain an Environmental Contractor to assist with the completion of this requirement. Contractors will be selected through an RFQ process.

The State of Connecticut Owner-Occupied Rehabilitation program will follow a tiered ER process which allows for an initial "broad" review of all environmental factors that will be shared by properties in a given geographic area. Based on this broad review, the funds will be released for the program activity contingent upon completing a "site specific" review once a potential property is identified and determined eligible. Site specific ERs will identify any above ground hazards, flood plains, historic properties, and noise issues when applicable.

A site specific ER must be completed for each property prior to project bidding or taking any choice limiting actions. For further detail of the ER process, please refer to the ER procedures in the Environmental Review Guide for Community Development Block Grant Programs located [here](#).

Site specific ERs will identify any above ground hazards, flood plains, historic properties, and noise issues when applicable. A site specific ER must be completed for each property prior to project bidding or taking any choice limiting actions.

## **State Historic Preservation Officer (SHPO)**

Projects also require evidence of consultation with the State Historic Preservation Officer (SHPO), the Tribal Historic Preservation Officer (THPO), and in some cases the Advisory Council on Historic Preservation (ACHP). SHPO Determinations must be made and documented in the environmental review file.

DOH, the State Historic Preservation Officer (SHPO), and the Advisory Council on Historic Preservation will enter into a programmatic agreement to expedite the environmental review of single-family properties that have experienced damage from Hurricane Sandy.

The agreement acknowledges that while there will be a cross-section of damaged properties that have historic significance, the vast majority will not and therefore, a full historic preservation audit will not be necessary. The purpose of this agreement is to ensure that those properties that do have historic significance are identified and undergo the appropriate review to meet Section 106 regulations, and that there is clarity around which properties need additional review and which do not. Because the two-year expenditure timeline of the Sandy Recovery funding demands an efficiency of review for these properties, DOH, SHPO and the Advisory Council have begun to lay out a procedure for property reviews that includes:

1. Determining which redevelopment/rebuilding actions can be excluded from SHPO review;
2. Defining a process to determine the accurate scope of work for projects;
3. SHPO pre-screening of CDBG-DR properties to provide initial assessment of which properties may need additional review;
4. Determining an efficient and effective process to address properties that are identified as having historic significance, with the recognition that the majority of properties will not advance to this level of review.
5. The SHPO and Advisory Council have created an appendix to the programmatic agreement that lists which actions will be categorically excluded from historic review, and therefore, relieve DOH of any additional obligations under Section 106.

## **Feasibility Analysis**

After the site assessment and environmental review is complete, the collected data collected will be reviewed and a determination made as to whether the property needs moderate or major rehabilitation, reconstruction, or mitigation.

Homes will be eligible for reconstruction in cases where the property has been completely destroyed, demolished, or where the estimated cost to repair the structure to municipal and program standards would be more expensive than reconstruction. For the purpose of determining priority, homes meeting this criteria will be considered as “destroyed or severely damaged”.

Substantially damaged structures will be deemed to be in need of major rehabilitation. A substantially damaged structure is one where the cost of restoring the structure to its pre-storm condition equals or exceeds 50% of the market value of the structure prior to the storm. A building’s classification of substantial damage relates to its damage as of the day of the storm.

Any eligible structure that is determined to be “substantially damaged” must be rehabilitated in compliance with current building codes and elevated above base flood. The OORR program will incorporate resilience measures into the rehabilitation of a property if the property is substantially damaged. Definitions of these terms can be found above.

## **PRE-STORM VALUE**

To determine the pre-storm value of an eligible property, the program may use the property’s “Estimated Market Value” as published by the municipality for the 2012/13 tax year. The estimated cost of repairs, as determined by DOH, will be divided by this amount to determine if the unit meets the definition of substantially damaged or if it is in need of substantial improvement. If, in the opinion of DOH, there is evidence that estimated market value is inaccurate, DOH program staff may order an appraisal to determine the pre-storm value of the property.

## **Duplication of Benefits (DOB)**

In order for the State to prevent Duplication of Benefits (DOB) and ensure awards are necessary and reasonable the State will institute a basic calculation that is based on The Award Formula (also known as Grant Calculation). The Grant Calculation will be completed by determining each applicant’s remaining recovery need, reducing it by funding previously received (less amounts expended on Allowable Activities), leaving the amount available for assistance.

## **Duplication of Benefits (DOB) and Allowable Activities**

When considering the reduction in award due to funding already received, DOH will:

1. Take into account amounts received from alternate sources (such as FEMA, insurance, or philanthropic organizations) which were used to make repairs due to damage by Sandy.
2. Copies of all receipts that support repairs to the home must be provided to DOH to document eligible expenditures.
3. DOH may accept a signed affidavit when calculating the amount of repairs if the applicant lacks receipts to document all or part of the cost of repairs.
4. In all cases, DOH must verify that work already done is consistent with the applicant's affidavit or receipts before the duplication of benefits is reduced.

## **Allowable Costs**

The homeowner may have funds that were received that will *not* reduce the CDBG-DR assistance award. Those funds are considered to be non-duplicative including:

1. Funds provided for a different purpose;
2. Funds used for a different (eligible) purpose;
3. Funds not available to the applicant; or
4. A private loan not guaranteed by SBA.

The most effective way to document eligible expenditures is to utilize a "Non-Duplicative Assistance Worksheet". The worksheet will help to ensure that all copies of receipts that support repairs made to the home are provided to DOH. DOH may accept a signed affidavit when calculating the amount of repairs if the applicant lacks receipts to document all or part of the cost of repairs. In all cases, the damage assessor must verify that work already completed is consistent with the applicant's affidavit or receipts before the duplication of benefits is reduced.

### **Written Agreement**

Prior to receiving assistance, DOH will require the eligible homeowner to sign a Homeowner Rehabilitation Written Agreement. The Agreement stipulates the OORR program requirements in addition to the homeowner's responsibilities throughout the term of the Agreement. Additional required agreements are further discussed in the "Closing" section of these guidelines.

The Homeowner Rehabilitation Agreement contains but is not limited to the following stipulations:

1. The participating homeowner is receiving Community Development Block Grant Disaster Recovery (CDBG-DR) Program assistance from the State of Connecticut.
2. The assistance to rehabilitate, reconstruct or mitigate the home in accordance with the State of Connecticut or subrecipients home building codes.
3. DOH may recoup assistance used on the described property upon particular terms, conditions, and contingencies.
4. The Homeowner agrees that if during the occupancy period the property is used as:
  - a. an investment property; or
  - b. as a recreational home or "second" home, the immediate payment of the entire amount of assistance must be repaid.
5. The Homeowner agrees that if during the occupancy period, they sell part or all of the property without DOH's prior written consent the immediate full payment of the outstanding assistance will be required.
6. The Homeowner agrees that if further insurance proceeds and/or federal benefits for rehabilitation, repairs, or reconstruction is received to their primary residence in connection with hurricane Sandy the homeowner will report receiving such benefits by emailing within one (1) month of receipt of additional proceeds and/or benefits.



- If homeowner fails to report additional insurance proceeds and/or federal benefits, DOH will require immediate repayment in full of the entire assistance amount.
7. The Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income to demonstrate the Homeowner's eligibility to receive CDBG-DR funds.
  8. The Homeowner acknowledges that DOH has the right and responsibility to enforce the agreement.
  9. If the Homeowner does not violate any of the terms listed in this agreement, then the agreement will be considered paid in full at the end of the occupancy period and the Note will be released.

## Closing

If it is determined that the homeowner has DOB funds to place in an escrow account, an escrow agreement is executed. Once a contractor is chosen for a particular property, the homeowner will be required to complete three additional legal agreements at the time of contract execution. The homeowner will be given an Opportunity to Rescind form that they may execute to cancel their contracts within three days of signing the contracts. If they intend to continue with the assistance, they can bring the form to the Notice to Proceed meeting with the contractor and sign and date that they do not intend to cancel.

## Agreements

1. Escrow Agreement – This is a tri-party agreement between the homeowner, State, City, and escrow agent. The agreement establishes the role of the escrow agent to hold homeowner DOB funds and to release these funds to the State/City to be used toward reimbursement of the contractor.
2. Homeowner/Contractor Agreement – This is a three party agreement between the homeowner, DOH and the contractor which lays out the roles and responsibilities of each party during the construction phase of the process.
3. Forgivable Promissory Note and Lien – This is a two party agreement between the homeowner and the State of Connecticut that lays out the homeowner's obligations in return for receiving a no-interest forgivable promissory note to cover rehabilitation or reconstruction of the home. This document is accompanied by the State's Lien that will be filed on the property for a five year compliance period. To meet the terms of the note, the homeowner must:
  - a. remain in the assisted property as their primary residence for the entire compliance period;
  - b. the homeowner must maintain both hazard and flood insurance on the property for the entire compliance period; and
  - c. the property cannot be sold, rented, leased, foreclosed, or title transferred during the entire compliance period.

4. Subrogation Agreement – Homeowners must subrogate any additional funds received for the 2012 flood damages back to the State. The CDBG-DR funds are funds of last resort and if additional funds are paid to the homeowner for the same purpose as the States assistance (i.e., repair or replacement of the damaged structure) after the State has completed repair or replacement of the home, these funds must be returned to the State. *Note: the Subrogation Agreement is further discussed below.*
5. Notice of Opportunity to Rescind – Homeowners will have three business days after signing their agreements to rescind and cancel the contracts.

## **Subrogation Agreement**

DOH reserves the right (if necessary) to recapture funds in order to ensure compliance with the CDBG-DR regulations regarding any duplication of benefits. Therefore, the eligible homeowner must agree to repay any funds that were determined to be duplicative through signing a Subrogation Agreement.

The Subrogation Agreement will assign DOH future rights to reimbursement of all payments received under any policy of casualty or property damage insurance or under any reimbursement or relief program related to or administered by the Federal Emergency Management Agency (FEMA) for physical damage to the rehabilitated home.

## **Recapture - Noncompliance**

If the homeowner fails to meet any program eligibility requirements or contractual obligations of the Forgivable Promissory Note, the homeowner will be determined to be in a state of noncompliance, and DOH will seek to recapture funds.

## **Recapture Procedure**

If DOH determines the homeowner defaulted on any program requirements, funds will be recaptured in accordance with the following procedures:

1. Document the reason(s) for recapture.
2. Issue a 30-day notice requiring full repayment.
3. 15-day notice and demand for repayment with the opportunity to cure, if no response from 30-day notice.
4. If a notice is returned, DOH will take reasonable actions to locate the applicant.
5. Issue a partial repayment request or a repayment plan (installments) - based on the approval of DOH.
  - a. If approved DOH will request

- b. Appeal process for repayment - DOH may allow the homeowner to appeal the recapture based on the State's appeal process. DOH will gather additional information regarding the appeal and will make a determination. DOH will make the final appeal decision.
6. If fraud is suspected, the file will be turned over to the Office of the State's Attorney immediately.

## Construction

Once a homeowner has been awarded funds and all loan documents have been signed by the homeowner, contractor, and the State or Subrecipient, the following construction process will occur:

1. A pre-construction meeting will be scheduled with the homeowner, contractor, and DOH/Subrecipient program staff.
2. The Contractor will be expected to communicate directly with homeowner regarding construction progress.
3. The construction contract will be signed and is an agreement directly between the homeowner and the selected contractor.
4. DOH/Subrecipient will provide construction management oversight.
5. All construction must meet the State of Connecticut's Statewide Building Code whose standards are pegged to the International Energy Conservation Code 2009. The State has adopted the (IECC), which provides for quality, durable, energy efficient and mold resistant construction.
6. All substantially rehabilitated housing units must meet all locally adopted and enforced building codes, standards, and ordinances.
7. All housing activities shall be designed to achieve maximum energy efficiency to the extent that this can be accomplished on a cost-effective basis, considering construction and operating costs over the life cycle of the structure. Efficiency may be demonstrated through design based on LEAD, Energy Star, and/or other comparable guidelines and rating systems.
8. The State will instruct all funding Recipients to familiarize themselves with the EPA's Green Infrastructure resources and incorporate them into their project to the extent feasible. The Enterprise Green Communities Criteria will guide funding Recipients primarily through landscaping techniques.
9. Construction methods shall be encouraged in compliance with local building codes and mold resistant construction materials.
10. A notice to proceed (NTP) will be issued to the contractor at this time.

## **Lead-Based Paint**

If the assisted unit was built prior to 1978 or homes with an unknown date of original construction must be inspected for hazards associated with the presence of lead-based paint or may be presumed to have lead-based paint hazards. If present, the State will comply with HUD's Lead Safe Housing Rule, including the removal of lead based paint, providing lead paint hazard notifications and clearance examinations (if necessary). The presence of Lead Based Paint is a health risk to residents, particularly children.

Compliance with federal lead paint requirements for rehabilitation projects may affect the project cost estimate, planning, and timeline therefore, the costs of lead-based paint abatement will be included into the cost estimates for rehabilitation. All procedures will be documented in each project file.

## **Asbestos**

If the inspection notes the presence of asbestos, in areas that require repair, then rehabilitation will include measures to minimize risk of exposure and, when necessary, abatement of any hazardous material.

## **Contractor Selection and Procurement Requirements**

The State will comply with the federal government established set of procurement rules at 24 CFR Part 84 and 85 that apply to CDBG-Dr funded projects. Contractors will be selected through an RFQ process.

## **Section 3 Requirements (24 CFR Part 135)**

The OORR program will comply with Section 3 of the Housing and Urban Development Act of 1968. The State will adopt at a minimum the HUD base standards for the hiring of Section 3 eligible participants. All executed contracts will require at a minimum the contractors meet the current Section 3 requirements. All contracts will require a monthly report for Section 3 hires, and will stipulate monitoring procedures to ensure compliance with Section 3 reporting.

## **Green Building Standards**

The following rehabilitation standards are in relation to rehabilitation, reconstruction, and mitigation of residential properties, reconstruction, and new construction of substantially damaged properties:

1. The State's adopted statewide building code energy efficiency standards are connected to the International Energy Conservation Code 2009 ("IECC").

2. All applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the completion of the rehabilitation project will be met.
3. The International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) will be utilized where applicable.
4. All OORR projects will comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances.
5. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a CDBG-assisted property, the State may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person.
6. The State's requirement that all replacement of residential properties, including reconstruction and new construction of substantially damaged properties meets the Enterprise Green Communities Standard.
7. The State's requirement that Recipients adhere to the EPA's Green Infrastructure resources and incorporate them into their project to the extent feasible. The Enterprise Green Communities Criteria will guide recipients primarily through landscaping techniques.
8. Strongly encourage the use of green infrastructure techniques to mitigate against storm water run-off and flooding.
9. For those buildings that are non-substantially damaged, the State will require that they be rehabilitated following the HUD CPD Green Buildings Retrofit Checklist. The requirement for rehabilitation means that the developer and/or construction team will strive to meet the checklist standard to the extent that there are Energy Star, Water Sense and Federal Energy Management Program-designated products available. The State recognizes that most energy- and water-consuming appliances and products now are available with these designations, and therefore, acknowledges that in a rehabilitation situation most products will be available with conservation designations.

## **Flood Resistant Construction**

To be eligible for OORR funding, all new construction and substantial rehabilitation (including the placement of prefabricated buildings and manufactured homes) in Flood Hazard Areas shall Flood Resistant Construction requirements of the State Building Code including provisions of both the International Rehabilitation Code and the International Building Code.

1. be designed (or modified) and anchored as to prevent flotation, collapse, or lateral movement of the structure;
2. be constructed with materials and utility equipment resistant to flood damage;
3. be constructed by methods and practices that minimize flood damage; and
4. be constructed with electrical, heating, ventilation, plumbing and air

conditioning equipment and other service facilities that are designed or located or both designed and located so as to prevent water from entering or accumulating within the components during floods.

## **Construction Agreement**

The Construction Agreement for be a tri-party agreement between the assisted homeowner Rehabilitation/Reconstruction Contractor, and DOH (as the operating agency). The construction agreement includes the responsibility of each party and incorporates the work write-ups as part of this agreement. The DOH reserves the right to limit the number of open contracts held by each general contractor.

The content of the construction contract will include but is not limited to the following provisions:

1. Specification documents include Contractor Bid Package;
2. HUD 4010 "Federal Labor Standards Provisions";
3. Applicable DOL Federal Wage Determination;
4. Construction Schedule;
5. Records retention clause;
6. Contract termination clause;
7. Cost information;
8. Timetable including payment schedule;
9. Bonds (Performance, Labor/Materials, etc.);
10. Insurance; and
11. Change order policy

## **Work Write Up/Property Inspections**

The work write-up constitutes the work requirements in order to complete each project. Items in the write-ups are detailed including methods of application and standards for materials. No changes in the scope of work write-up will be considered valid without an approved change order.

Questions concerning the work-write-ups should be referred to the DOH Inspector. Only materials conforming to the requirements of the write-up shall be used in the work. Contractors have an obligation to perform all the work strictly in accordance with the requirements of the work write-up. The contractor will perform all work in conformance with applicable local codes and requirements whether or not they are described in the work write-up. Whenever it appears that materials furnished and work performed by the contractor fail to fulfill the requirement of the contract, the DOH Inspector shall call discrepancies to the attention of the contractor to resolve in conformance with the specifications and to the satisfaction of the owner.

## **Preliminary Inspections**

A preliminary inspection will be conducted by DOH to determine the condition of the unit for each application and to verify hurricane damage if FEMA, Small Business Administration (SBA) or Insurance award letters are not available.

The initial inspection will be conducted by DOH's inspector or another qualified inspector and a list of the deficiencies will be prepared. A home inspector will be sent to each property to assess the level of damage remaining on the property. As part of the inspection, the home will also be assessed for issues of lead based paint and minimum property standards. If the home has been determined to be historically eligible, the inspector will note deficiencies and needed repairs to the exterior historic features. The inspection will provide an estimate of repair costs to determine whether rehabilitation or reconstruction will be offered and must be in sufficient detail to be utilized in the creation of work write-ups.

Once the work write-up is completed, the homeowner will be provided an opportunity to review and accept the estimated cost of rehabilitation or recommendation to reconstruct the home. Once approved for construction, homes that are determined to be eligible properties for rehabilitation will be placed for bid among prequalified general contractors. Contractors will have the opportunity to complete a pre-bid inspection of the property prior to bid submission. Bids will be reviewed and lowest and most responsible contractor will be awarded project. These homes will become a rehabilitation or reconstruction project once the homeowner is determined eligible for assistance.

## **Pre-Construction Conference**

Prior to the start of work, the CDBG-DR Specialist and the DOH Inspector will schedule a preconstruction conference with the owner and the contractor. At this conference, the starting date and the completion date for work will be firmly established, the sequence of work will be reviewed, and any special conditions clarified.

It is particularly important that the owner be made fully aware of the extent of inconvenience that will be experienced as a result of rehabilitation work. A thorough explanation will be provided to the contractor and the owner to handle disputes that may arise. All disputes will be handled according to the provisions of the rehabilitation work contract. The contract and all related documents will be reviewed and the notice to proceed will be issued following an opportunity by the homeowner to rescind the transaction.

## Progress Inspections

1. Progress inspections serve three primary purposes:
  - a. to evaluate the contractor's progress;
  - b. to confirm that local building codes or standards have been satisfactorily met; and
  - c. to confirm that all requirements of the contract have been met to all parties' satisfaction.
2. At key stages in the project, DOH will schedule inspections. Key stages are times when work such as wiring and plumbing are completed and still exposed prior to the wall or flooring being replaced; or when work being performed by a specialty subcontractor, who will be present for only a short time, is nearing completion.
3. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the processing of the contractor's payments. If at all possible, the same person will conduct inspections each time.
4. DOH requires that electrical work be completed by an electrician with an approved license from a city or cities that issue such licenses.
5. A master licensed plumber must perform all plumbing work.
6. Building permits are required for all applicable construction work.
7. The assisted homeowner and DOH will sign the inspection forms as acknowledgement that the work was completed and that it meets their approval. If the assisted homeowner is not satisfied with any aspect of the work, the inspection forms should not be signed until the contractor has corrected the faulty work.

## Change Orders

No variation in the work write-up shall be made without a duly approved change order, regardless of whether or not any cost is involved. The change order will be prepared by the general contractor, approved by the DOH inspector and then signed by the contractor and the homeowner before being approved by DOH. No work covered by the change order shall be done until the change order has been approved. Any extra work done without written authority shall be considered unauthorized work done at the expense of the contractor.

Where additional work is necessary to make repairs to the standards envisioned in the contract, the contractor will submit a Change Order consisting of:

1. The type of work is needed.
2. The scope of such work, and
3. The time necessary for such work to be completed.



## **Construction Payment**

All contractors will be paid on a reimbursement basis not to exceed the construction contract amount and approved change orders. All requests for reimbursement will be dependent upon approved pay inspections, the submission of all required payment request documentation from the contractor, and final approval by DOH administrator.

Before each progress payment is made, the contractor shall be required to submit DOH Owner Occupied Housing Rehabilitation Program lien waivers and labor releases as good and sufficient evidence that the premises are free from all liens, damages, and anything chargeable to said contractor. The owner and DOH Owner Occupied Housing Rehabilitation Program shall have the right to retain out of the payment then due, or thereafter to become due, and amount sufficient to indemnify the owner against all such liens, damages and claims until the sample shall be satisfied, discharged, and canceled.

The contractor shall submit to DOH Owner Occupied Housing Rehabilitation Program a release of all mechanics and material liens prior to final payment of the consideration set forth hereafter.

## **Final Inspections**

1. When work is nearing completion, the contractor will notify DOH of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. If progress inspections were conducted often enough to make mid-course corrections, the final inspection should only need to catch those items which have been done since the last inspection. The final inspection will be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all single family homeowner activities, and clean-up should be closely checked for completion.
2. DOH will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.
3. A punch list will be developed toward the end of the job. A punch list is a listing of items written as specifications, which constitute the work necessary to complete the contract. The contractor and DOH as a result of the final inspection will develop the punch list, although the contractor and the assisted homeowner prior to the final inspection can develop it. Either way, the punch list will represent work yet to be done, not additional work over and above the original or amended contract. Once

the punch list has been prepared, no other work items are expected of the contractor. If the punch list contains more than ten (10) items, the contractor is not ready for a final inspection.

## **Certificate of Completion and Owner Acceptance**

After all items on the punch list have been satisfactorily completed, and all warranties issued, the project can be brought to final resolution. For purposes of accountability, the OORR Program must have written documentation that the assisted homeowner and DOH have accepted the work.

## **Warranties and Retainage**

1. All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under the contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed two weeks to respond.
2. Upon project completion, DOH may retain 10% of the funds pending a supplemental inspection in no less than thirty (30) days. Following a satisfactory supplemental inspection, the retainage will be paid to the contractor upon availability of grant funds following the final thirty (30) day inspection.
3. If any problems are identified in the supplemental inspection, DOH will then notify the contractor to return and correct the same within a reasonable amount of time, not to exceed two weeks. Should the contractor fail to do so, DOH will not disburse the retainage, the assisted homeowner may take any necessary legal recourse, and the contractor will be barred from performing any more rehabilitation/reconstruction work in the State's program. In addition, should the contractor be doing other work under the OORR Program and fails to correct any warranty problems, no other payments will be made until such problems are corrected.
4. When the final inspection determines that the work is completed in accordance with the contract, DOH will submit the contractor's request for payment and upon receipt

of the funds, disburse the funds to the contractor pending receipt of a Final Affidavit of lien from each subcontractor and a list of all contractors.

## **Reporting Requirements**

Compliance will be maintained in accordance with the reporting requirements under the CDBG-DR regulations including all information and reports as required under the States contract with subrecipients or third party contractors, and demographic data and other information on applicants processed by contractual agreements between DOH and subrecipient.

The State and its Subrecipients will periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135. The State will also expect subrecipients to collect and report data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance. The reporting requirements will include, but are not be limited to:

1. A direct application by an individual or non-institutional entity;
2. Applicant household's income;
3. Household's income as a percentage of AMI family income as defined by HUD;
4. The race and ethnicity of the head of household;
5. The household's familial status;
6. The presence or non-presence of a household member with a disability;

Housing assistance that is not directly linked to a specific beneficiary:

1. The cost of the housing unit to the applicant and to the occupant;
2. The maximum qualifying household income as a percentage of AMI family income as defined by HUD;
3. Restrictions regarding the age or familial status of occupants;
4. The presence or absence of designs or services that make the housing unit accessible to an individual with a disability and the number of fully accessible units

## **Record Retention**

DOH will maintain accurate OORR program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of not less than eight (8) years as stipulated by DOH. Such files will be open for inspection as to qualifications, bids, and awards.

## **Conflict Of Interest**

In order for the State to avoid any conflict of interest, agreements between the State, its subrecipients, and any third party contractors will:

1. Prohibit local elected officials, subrecipient employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.
2. Define, "family" to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).
3. Consent to an "exception" to the conflict of interest provision by HUD should it be determined by the State that the subrecipient has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the OORR program. DOH will not enter a conflict of interest until a request for an exception has been granted.

## **Complaints and Appeals**

DOH will handle citizen complaints in accordance with 24 CFR 91.11(h) 24 and CFR 570.486(a) (7). Additionally, staff will maintain files that include:

1. The name of the person who filed the complaint;
2. The date the complaint was received;
3. A description of the complaint;
4. The name of each person contacted in relation to the complaint;
5. A summary of the results of the review or investigation of the complaint; and
6. An explanation of the reason the file was closed, if the file was closed

The goal of the States complaints and appeals process is to provide an opportunity to resolve complaints either formal or informal, in a timely manner, usually within fifteen (15) days where practicable, and to provide the right to participate in the process and appeal a decision when there is reason to believe their application was not handled according to program guidelines.

All applications, guidelines, and websites will include the right to file a complaint or appeal and the process for beginning an appeal or making a complaint.

## **Resolution of Complaints**

DOH will aim to resolve complaints in a manner that is both sensitive to an applicant's concerns and that achieves a fair result. Regardless of the complaint, DOH staff will treat the issue with

respect, respond to the complainant about the current status when requested, and respond within 15 days, as expected by HUD, if practicable.

## **Informal Complaints**

Complaints that are brought forward by applicants or other parties informally orally or included within a broader written communication will be addressed where possible. The mechanism to address informal complaints is to make certain the person is aware of the formal complaint process, address the complaint orally, and/or take corrective action for issues that can be resolved easily within program guidelines.

Informal complaint procedure:

1. Obtain all pertinent information from the complainant, including the issue raised, the name of the complainant, and a contact to obtain further information if desired. If no name or contact number is left, then that should be noted and placed in an informal complaint file—either electronic or hard copy. The file should indicate that the complainant was notified of how to file a formal complaint.
2. DOH should review these complaints periodically to determine if there is a pattern developing and, if so, determine if the issue warrants further action.

## **Formal Complaints**

Formal complaints are any written statement of grievance—including emails, faxes, or letters - that provide a contact with which you can communicate the results of an investigation. Any complaints which do not include contact details such that DOH can respond with results or follow up will not be treated as formal complaints. Any complaint must be from a person related to the OORR program as an applicant, contractor, or other direct party. Any complaint forwarded to DOH, HUD, or the State of Connecticut will be considered a written complaint.

Throughout the process, decisions will be made on an application and/or project to be delivered. The decisions are made based on statutes, codes of federal regulation, state and local codes and ordinances, and local guidelines as they are interpreted by the State. DOH may allow the appeal of some of these decisions.

## **Grounds for an Appeal**

An appeal may be filed by an applicant or contractor on the following grounds:

1. An applicant may only appeal an application decision related to one or more of the following:
  - a. Program eligibility determination.
  - b. Program award calculation.
  - c. The Program decision about Moderate or Substantial damage leading to Rehabilitation or Reconstruction.

## Appeal Deadlines

An appeal must be filed within 30 days of the decision. DOH will address the appeal within 15 days or provide an update of the status of the appeal to the appealing party.

## Changes, Waivers, Conflicts

1. The Commissioner of DOH may consider a waiver of any non-regulatory provision of the OORR, provided the applicant has requested such waiver in writing, and can identify a “demonstrable hardship” (see *Definitions*).
2. Waivers to the requirements in these guidelines can only be approved by the Commissioner of DOH and must be in provided in writing.
3. The Commissioner maintains the rights to change, modify, waive, or revoke all or any non-regulatory component of these guidelines in her sole discretion.
4. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state, or federal law.

## Compliance/Monitoring

HUD regulations governing the CDBG-DR Program, along with the State CDBG-DR Substantial Amendment and HUD Monitoring Handbook, will be guides for conducting the risk analysis for Funding Recipients. Individualized risk mitigation strategies will be prepared for each Funding Recipient.

Methods for identification, analysis, planning, tracking, control and communications shall be outlined. DOH will follow steps for identifying risks that include the following:

1. Identify what CDBG-DR projects and performance areas are to be assessed
2. Insure that risk is identified and analyzed
3. Assign weight to risk factors
4. Develop rating criteria and methods to assessing risk
5. Determine rating by factor
6. Establish criteria for risk “profiles” for each Funding Recipients
7. Compile scores and rank organizations
8. Utilize resources for monitoring and risk mitigation

The risk analysis, conducted by DOH staff, will pay particular attention to Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5155 by guaranteeing that there will not be a “duplication of benefits”.

The goal of this attention is to ensure that the State does not engage in any activity that provides federal financial assistance to persons, business concerns, or other entities suffering losses as a result of a major disaster or emergency, where such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he or she has received financial assistance under any other program or from insurance or any other source.

Program monitoring staff will follow the procedures described in the CDBG-DR Compliance and Monitoring Manual, with a particular emphasis on the accuracy of information provided by applicants, identification of the duplication of benefits, compliance with all applicable state and federal requirements associated with the CDBG-DR funding.

Specifically, DOH will conduct a risk analysis on all recipients of any portion of the Funding (each, a “Funding Recipient”) in order to identify those programs that are most susceptible to fraud, abuse, or mismanagement. DOH staff will monitor those programs that are identified as high risk as well as sample those deemed to be low risk programs.

A risk analysis is a process or system for rating and ranking Funding Recipients and those programs which pose the greatest risk for compromising the integrity of the CDBG-DR Program. This process will assist DOH by providing consistent data to develop monitoring strategies to minimize potential risk. Feedback from this process will enable DOH to prioritize decisions, allocate appropriate resources, and determine the type of monitoring necessary.

DOH will carefully monitor Recipients that pose the highest risk of compromising the program rules and regulations. As a part of the monitoring risk management record, the Recipient’s name and grant number will be cited along with the following information:

1. Identification of which participants will be monitored
2. Type of monitoring (e.g., in-depth, limited, on-site, remote)
3. Programs/functions to be monitored
4. Actions that will be taken to assess program participant performance
5. Expected monitoring dates
6. Required resources (staff and other monitoring team participants)
7. Methodology and tools used for the project

DOH’s risk analysis methodology will include a means of determining an estimation of the level of risk, an assessment of the frequency or likelihood of occurrence, consideration for how to best

manage risk, and the action that will be taken to mitigate problems. DOH will carefully analyze the assessment of risk for each Recipient and utilize a strategy to reduce and manage the Recipients' risk.

To assist the State meet its compliance and monitoring obligations, DOH's administration of the Funding shall be subject to review by its Internal Auditor. This Internal Auditor, a DECD staff member who also reports directly to the Office of the Commissioner of DOH, will check for fraud, waste, and abuse by utilizing the applicable internal auditing standards. The Internal Auditor will apply the standards in the Statement on Auditing Standards No. 99 (SAS 99) Consideration of Fraud in a Financial Statement Audit and the standards established in the International Standards for the Professional Practice of Internal Audit as promulgated by the Institute of Internal Auditors ("IIA"). The IIA is the lead organization that sets the standards for the practicing of Internal Auditing.